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Chairman: Mr. MacKay ..... (New Zealand)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kuznetsov

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The meeting was called to order at 10.15 a.m.

Organization of work (A/C.5/59/L.35)

1. **The Chairman** said that, in order to implement paragraph 3 (a) of the annex to General Assembly resolution 58/316, which called upon each of the Main Committees to consider rationalization of their future agendas and make recommendations to the plenary Assembly by 1 April 2005, he had set aside two half days for informal discussion of that issue during the first part of the resumed session. He invited the members of the Committee to transmit their suggestions or ideas to him in advance so that he could compile them into a single document for ease of consultation. He wished to stress to the Member States that no editorial changes would be made to their proposals and that they remained free to circulate documents separately during the informal meetings if they so wished.

2. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, expressed renewed concern at the late issuance of documentation, which affected the timely preparation and effectiveness of the Committee's work, particularly on time-bound issues. The decision on which items should be considered or deferred lay with the Committee and the pertinent documentation must therefore be prepared and submitted for its consideration, in keeping with the mandates of the General Assembly.

3. The Group stood ready to make adjustments to the proposed programme of work to ensure that priority items were allocated adequate time. She wished to single out the item on administration of justice at the United Nations, which must be given priority, as it involved fundamental policy issues that had been awaiting the Committee's consideration since well before the main part of the Assembly's fifty-ninth session.

4. The Group attached great importance to the review of the regular programme of technical assistance and the Development Account and expected the Committee to give appropriate attention to outstanding policy issues connected with the effective implementation of projects and programmes. It hoped that the Advisory Committee would be able to contribute to the discussion.

5. The Group regretted the Secretary-General's failure to submit a report on the experimental redeployment of up to 50 posts, which had prevented Member States from assessing the feasibility of the project. The Group had also requested the Secretariat to update the Committee on the administrative costs of the capital master plan and hoped that the information would be provided.

6. **Mr. Van den Bossche** (Belgium), speaking on behalf of the European Union, said that the Committee was due to discuss important issues that would require cooperation and adherence to established procedure. It would also need the valuable opinions of the Advisory Committee.

7. **Mr. Torres Lépori** (Argentina), speaking on behalf of the Rio Group, said that the Group associated itself with the statement made by the representative of Jamaica on behalf of the Group of 77 and China. The availability of documentation for the first part of the resumed fifty-ninth session had improved, but only because consideration of many issues had been deferred from previous meetings. The Secretariat should fulfil the specific mandates of the General Assembly and issue documents on time.

8. The Rio Group believed that the rights of Secretariat staff must be backed by the best legal guarantees and had traditionally paid close attention to the issue of the administration of justice at the United Nations. In that connection, the independence of the United Nations Administrative Tribunal must be safeguarded, in line with General Assembly mandates, and mechanisms to guarantee accountability and transparency must be strengthened.

9. With regard to the common system, the Rio Group reiterated the need to preserve the independence of the International Civil Service Commission (ICSC) so that it could work efficiently and help to improve the conditions of service of United Nations staff. It awaited the report requested from the Secretariat on the experimental redeployment of up to 50 posts, so that the outcome of that pilot project could be evaluated.

10. With regard to the procurement system, some progress had been made in promoting greater transparency and accountability, but there was still need for improved coordination and supply of information to Permanent Missions as well as more involvement on the part of developing countries.

11. The Rio Group would pay close attention to the issue of air travel for staff. The Secretariat should scrupulously adhere to established procedures and keep the number of exceptions to a minimum.

12. While the Fifth Committee must provide the Secretary-General with the necessary resources to fulfil peacekeeping mandates, the latter must be fully consistent with the purposes and principles of the Charter. The Group was concerned at the overall level of budgetary resources required for peacekeeping operations, which constituted a financial burden that was becoming increasingly difficult to afford. Peacekeeping operation budgets must be fully justified to ensure maximum efficiency. Although the Group would contribute constructively to the discussion on the United Nations Assistance Mission for Iraq (UNAMI), the Secretariat should have explained during the main part of the session why it was necessary to take up the issue again at the resumed session. Lastly, the Rio Group would like detailed and updated information on recent expenditures on the capital master plan.

13. **Mr. Berti Oliva** (Cuba) said that his delegation associated itself with the statement made by the Group of 77 and China. Although the unavailability of documents did not create serious problems for the Committee during the current part of the resumed session, the delay in issuing certain documents relating to the item on the administration of justice at the United Nations was unacceptable. Moreover, it was inconceivable that the Committee should not have precise information concerning the time frame and the financial requirements of the capital master plan. Lastly, his delegation attached the greatest importance to consideration of the regular programme of technical cooperation and the Development Account and therefore regretted the failure of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) to give due consideration to the Secretary-General's report (A/59/397) on the matter. The Chairman of the Advisory Committee should explain why it had not done so.

14. **The Chairman** said that, if he heard no objection, he would take it that the Committee wished to adopt the programme of work for the first part of the Assembly's resumed fifty-ninth session.

15. *It was so decided.*

16. **Mr. Kuznetsov** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), responding to the request of the representative of Cuba regarding the report on the review of the regular programme of technical cooperation and the Development Account (A/59/397), said that the report contained a great deal of information on the legislative history and operating modalities of the regular programme and the Account. Part V of the report described a number of main issues that generally concerned policy and programming matters which had traditionally been within the purview of the Committee for Programme and Coordination (CPC) and the General Assembly, and had not been addressed in detail by the Advisory Committee.

17. The Advisory Committee had been heavily involved in the establishment of the Development Account, focusing on technical budgetary considerations. It had traditionally taken up the matter of the regular programme in the context of its consideration of proposed programme budgets, but had always limited its involvement, partly because it was the only section of the budget where it did not take a position, but instead "transmitted the estimates" for the consideration of the General Assembly.

18. One issue in the Secretary-General's report that related directly to the Advisory Committee was the possible consolidation of budget sections 23 and 35, which had arisen out of a recommendation made by the Advisory Committee in its first report on the proposed programme budget for 2004-2005. A discussion of the issue was contained in part VIII of the Secretary-General's report, and the Advisory Committee intended to revisit the issue during its consideration of the proposed programme budget for the biennium 2006-2007, taking into account the contents of the report contained in document A/59/397. The implementation date of any such consolidation would be 1 January 2006, regardless of when the decision was taken.

Agenda item 107: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Procurement reform (A/59/216 and A/59/540)

Outsourcing practices (A/59/227 and A/59/540)

Report of the Office of Internal Oversight Services on the audit concerning the safeguarding of air safety standards while procuring air services (A/59/347)

19. **Ms. McDonald** (Director of the Facilities and Commercial Services Division of the Office of Central Support Services), introducing the report of the Secretary-General on procurement reform (A/59/216), said that during the previous six years the volume of procurement had risen nearly 300 per cent in US dollar terms. Although the Procurement Division had become more efficient and effective during that period by implementing innovative solutions, there was a limit to how long its staff could continue to handle the increased workload, and the issue should be considered within the context of the support account budget. Despite the increased workload, the Procurement Division had taken a number of steps to improve the efficiency and quality of procurement services, particularly for peacekeeping missions, which had accounted for over 80 per cent of the Organization's total procurement spending in 2004. The Division played a key role in the development of the United Nations system-wide procurement initiatives, such as the United Nations Global Marketplace, a web-based vendor registration system, and had worked hard to reduce duplication further by harnessing the technical expertise of other organizations within the United Nations system for the procurement of products in which they specialized.

20. The revised Procurement Manual contained a chapter on ethics and professional responsibility. The Division had organized a number of training initiatives for procurement staff on those two issues and had developed plain-language ethical guidelines and a declaration of independence for use by United Nations procurement staff. A code of conduct for United Nations vendors would be finalized by June 2005 and the Division continued to introduce electronic procurement monitoring tools to facilitate its day-to-day activities.

21. The Procurement Division had not forgotten the General Assembly's frequent exhortations to ensure that developing countries and countries with economies in transition were given equal opportunity to take part in United Nations procurement. It continued to work hard to increase procurement opportunities for those suppliers by disseminating information through business seminars and meetings and by assisting in the registration of suppliers. The Secretary-General wished to reassure the General Assembly of his commitment to further improving the efficiency, transparency and cost-effectiveness of the procurement process while upholding the highest standards of responsibility and accountability.

22. Introducing the report of the Secretary-General on outsourcing practices (A/59/227), she said that the report provided the General Assembly with information on the outsourcing activities of the Organization for the biennium 2002-2003. It followed the Secretary-General's previous report on outsourcing activities (A/57/185) and responded to the requests made by the Advisory Committee in its reports A/57/453 and A/57/7/Add.1, and by the General Assembly in its resolution A/58/276, to include information on the location and type of outsourced activities, as well as more detailed reasoning for those activities. The Secretary-General remained committed to ensuring that programme managers were guided by the basic criteria for outsourcing.

23. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the audit concerning the safeguarding of air safety standards while procuring air services (A/59/347), said that a major objective of the audit had been to establish whether the Department of Peacekeeping Operations had effectively implemented the recommendations formulated following the review carried out by the International Civil Aviation Organization (ICAO) in 2000. The recommendations concerned, inter alia, the development of air safety standards, the identification of the responsibilities of Department units involved in procuring air services, and their staffing.

24. With regard to the development of air safety standards, the audit noted that the Department of Peacekeeping Operations and the World Food Programme (WFP) had jointly developed the Aviation Standards for Peacekeeping and Humanitarian Air Transport Operations, which in the view of OIOS represented a significant step towards improving air safety. Moreover, the Department had recently stopped procuring cargo aircraft for the transport of passengers. However, improvements were still needed in the establishment of air safety policies and in specific procurement areas such as vendor prequalification. The staffing of the Department's air safety units should also be strengthened.

25. With respect to air safety policies, the Department should step up its efforts to implement its accident-prevention programme, and OIOS was concerned that the Department had not yet considered or issued trend analyses or lessons learned. Major air operations at some landing sites in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) were taking place without the presence of basic ground terminal services and personnel, and 60 per cent of the Mission's flights were non-routine for urgent requirements, which was an unacceptably high level.

26. With regard to staffing, OIOS was concerned that within the Department the positions of Chief, Air Transport Section and Chief, Aviation Safety Unit were vacant for prolonged periods, and that only limited progress had been made in implementing the recommendations of ICAO for strengthening the Department's civil aviation capacity. With respect to the peacekeeping missions in Ivory Coast, Liberia and Sierra Leone, establishing a regional aviation safety office would be more effective and efficient than deploying aviation safety officers at each mission.

27. The development of a vendor prequalification process by the Department was a crucial step towards ensuring adherence to safety standards while procuring air services. However, Department staff rarely visited vendor sites to perform evaluations, reportedly because of budgetary constraints. Moreover, the Department and the Procurement Division should agree on the requirements for the vendor prequalification process in order to allow wider participation by vendors in United Nations bids while ensuring that the documentation provided by prospective vendors was adequately scrutinized. OIOS had issued 20 recommendations aimed at enhancing policies and procedures for safeguarding air safety standards while procuring air safety services for United Nations peacekeeping missions. The Department of Peacekeeping Operations and the Procurement Division had agreed with all of the recommendations and had begun to implement them.

28. **Mr. Kuznetsov** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of ACABQ on procurement reform (A/59/540), recalled that the Advisory Committee had reported on procurement reform and outsourcing practices in October 2004. It had issued a further report on procurement and contract management for peacekeeping operations (A/58/761), which had addressed many of the issues raised in the report currently before the Committee. The Advisory Committee had often warned the Committee about the need to avoid dealing with issues on a piecemeal basis and issuing multiple reports on the same or similar subjects. Those problems were due partly to the lack of organization and planning by the Secretariat, and reform was needed in that area, otherwise the work of the Advisory Committee and the Fifth Committee would become increasingly complicated, resulting in a less focused discussion and wasted time.

29. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that questions related to transparency and accountability were critical to the integrity of the Organization and to the effectiveness of procurement reform. The Group of 77 and China welcomed the progress achieved in addressing many of the concerns expressed by the General Assembly in its resolution 57/279, including the establishment of a standard working group to coordinate activities related to business seminars, the harmonization of procurement practice, and the simplification of the vendor registration process through the creation of the United Nations Global Marketplace.

30. The Group of 77 and China had been concerned to note in the annexes to the Secretary-General's report (A/59/216) that the percentage of procurement from developing countries was low, despite recent calls by the General Assembly for the level to be increased. More efforts should be made to achieve that increase, and the United Nations Secretariat should include that aspect in the agenda of the Inter-Agency Procurement Working Group on a regular basis. The Group of 77 and China would welcome updated information on the status of talks on the remaining technical aspects of the rules of origin. It supported the harmonization of procurement practices, which should aim at transparency and efficiency. It noted that agreements had been concluded with specific suppliers and would be grateful for more information on those agreements and their conformity with the Financial Regulations and Rules.

31. With respect to simplifying and streamlining the registration process for vendors, the Group of 77 and China requested details of the implementation of the recommendations included in the report of the Inter-Agency Procurement Working Group on its annual

meeting in 2004. The Secretary-General's report focused on the use of the Internet to simplify the registration process, but she would be grateful for information on the use of means other than the Internet, in accordance with paragraph 5 of General Assembly resolution 57/279, in view of the difficulties faced by many developing countries in accessing the Internet.

32. The Group of 77 and China attached great importance to developing the code of conduct and the declaration of independence for procurement staff, and was therefore concerned that the arrangements for putting the requirements into place had not yet been completed. It wished once more to stress the importance of accountability in the United Nations system, as requested by the General Assembly during the main part of its fifty-ninth session. The request in the Secretary-General's report for more delegation in the field should be considered within that context. With respect to the OIOS report on air safety standards, the Group noted the recommendations of OIOS and would like to follow up on the issue during the Committee's informal consultations.

33. On the issue of outsourcing practices, the criteria for outsourcing set out in the pertinent General Assembly resolutions must be observed. Outsourcing should not compromise the international character of the Organization and should be in full conformity with the Financial Regulations and Rules. It was a matter of concern that many outsourced activities, including security functions, could be performed by in-house expertise. In that regard, the Group of 77 and China would welcome information on the situation that would obtain in light of the new security provisions following the establishment of the Security and Safety Unit. According to the Secretary-General's report on outsourcing practices (A/59/227), translation and text-processing services for United Nations documents, publications and treaties were outsourced to achieve savings or to provide a source more effectively, efficiently or expeditiously. She asked on what basis costs were calculated and whether outsourcing achieved the best quality of service.

34. **Mr. Van den Bossche** (Belgium), speaking on behalf of the European Union, the candidate countries (Bulgaria, Croatia, Romania and Turkey), the stabilization and association process countries (Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro), and, in addition, Iceland, Liechtenstein and Norway, welcomed the positive developments with respect to procurement reform and noted with appreciation the progress made in strengthening cooperation within the United Nations system through the Inter-Agency Procurement Working Group and the Common Services Procurement Working Group.

35. Efforts to harmonize and streamline procurement practices should be continued and all organizations of the United Nations system should participate in the United Nations Global Marketplace. The European Union noted with satisfaction that a review of vendor management had already been undertaken and that efforts were being made to share best practices through the procurement message board. It welcomed the increased participation of vendors from developing countries and countries with economies in transition and looked forward to increased supplier diversity. However, the principle of awarding contracts to the most economical bids should be retained, with due regard for quality and best value for money. The European Union welcomed the steps taken to implement the recommendations of OIOS, the Board of Auditors, and the Joint Inspection Unit (JIU), notably the efforts of the Procurement Division, which had effectively addressed many of the concerns of Member States.

36. The Union welcomed the efforts made to further simplify and streamline the vendor registration process and looked forward to the prompt issuance of the ethical guidelines for procurement staff. However, the next report should address the issue of accountability. The European Union agreed that training programmes should follow the "train-the-trainers" approach and welcomed the development by the Inter-Agency Procurement Working Group of a system-wide procurement training and certification programme. Cooperation between the Procurement Division and the Department of Peacekeeping Operations should be further strengthened in order to improve field procurement.

37. With respect to air safety, the European Union welcomed the recommendations contained in the report of OIOS on the audit of safeguarding air safety standards. All of the recommendations should be fully implemented and a time frame established for that purpose. With respect to outsourcing practices, programme managers must be guided by the basic criteria for outsourcing.

38. **Mr. Iosifov** (Russian Federation) noted with satisfaction recent improvements in the transparency, objectivity and execution of procurement activities. His delegation also welcomed the increase in the volume purchased and in the number of suppliers from developing countries and countries with economies in transition. The Procurement Division had successfully used the Internet to provide essential information to suppliers and permanent missions. The web site could be developed into an information hub for the United Nations Global Marketplace, but it must be informative, transparent and accessible.

39. His delegation welcomed the Secretariat's action to harmonize procurement procedures and achieve a division of labour with other United Nations system procurement services possessing specific knowledge or experience of a particular market segment. Such cooperation must result in the sharing of shortlists of suppliers and the contents of databases of suppliers. The vendor registration process must be simplified and rationalized, exchanges of information on best practices must be stepped up and duplication of efforts between procurement services must be eliminated. In that connection, the Procurement Division's use of system contracts and direct agreements with manufacturers, which the report of the Secretary-General (A/59/216) considered successful, would help to bring down the price of large purchases.

40. His delegation was concerned at the training provided for field-based procurement staff, particularly those in peacekeeping missions, as it had become clear to the Committee during its examination of a number of peacekeeping mission budgets in May 2004 that some staff were unfamiliar with fundamental United Nations procurement principles. He hoped that the improvements in training described in the report of the Secretary-General would remedy that situation. When the Secretariat delegated authority, it must safeguard supervision, verification and accountability and must continually seek to improve the professional and ethical standards of field staff.

41. On the question of the incompatibility between the air safety standards developed by the United Nations and the ICAO Standards and Recommended Practices, the audit report of OIOS (A/59/347) indicated that the Secretariat aimed to ensure full compliance with the internationally recognized ICAO standards. The divergences had already caused disputes with some air service vendors and his delegation supported the recommendation of OIOS that clear criteria should be developed for assessing vendors' compliance with safety standards consistent with ICAO Standards and Recommended Practices.

42. The vendor registration process must be balanced and thorough and should aim not only to widen the database of registered vendors but also to assess the suitability, including financial and legal suitability, of applicants. All registered vendors must be treated equally and contracts should be awarded only after full and final registration.

43. In the efforts to reform the procurement process, his delegation had been impressed by the exploitation of new technologies, new working methods and the experiences of other organizations. However, every aspect of reform must be closely monitored in order to assess the pros and cons of the new methods, taking into account the recommendations of OIOS and the Board of Auditors, as well as the recommendations of the Advisory Committee that had been adopted by the General Assembly. It had been pleased to note that the Secretariat had already implemented or was in the process of implementing most of the recommendations of OIOS and of the Board of Auditors.

44. His delegation also welcomed the recent effort announced by Deputy Secretary-General Louise Fréchette to take a critical look at the procurement process to ensure that it was consistent with the best practices of other organizations. It would like more information from the Secretariat on the implementation of the "best value for money" principle enshrined in the revised Financial Regulations and Rules to see to what extent it was compatible with generally accepted business practice.

45. The success of procurement reform depended heavily on a constructive dialogue between the Secretariat and Member States to solve any problems that might arise from their companies' involvement with the United Nations market.

46. **Mr. Garcia** (United States of America) said that effective and transparent procurement must be a management priority. All personnel involved in procurement must be trained to understand the relevant practices and procedures, follow ethical guidelines and be held accountable for their actions. Allegations of mismanagement, fraud or theft must be investigated without delay and those found guilty must be punished.

In that connection, he wished to know what the status of the code of conduct for procurement staff was.

47. His delegation welcomed the increase in procurement opportunities for vendors from developing countries and countries with economies in transition and applauded the Secretariat's efforts to reach out to vendors through seminars and increased vendor registration. It trusted that the work of the Inter-Agency Procurement Working Group would further improve supplier diversity. As the Advisory Committee stated in paragraph 3 of its report (A/59/540), follow-up mechanisms should be considered to monitor progress in that regard. He noted with satisfaction that the Secretariat was continuing to pursue comprehensive agency agreements, streamlined vendor practices and greater use of technology with a view to harmonizing the procurement process for all agencies of the United Nations system and urged it to implement the recommendations of OIOS and the Board of Auditors without delay.

48. With regard to outsourcing, the Secretariat must ensure that programme managers were guided by the four basic criteria and three significant goals called for in General Assembly resolution 55/232. The United Nations must strive to operate within existing resources by eliminating programmes that were no longer efficient or cost-effective.

49. Lastly, his delegation shared the concerns raised in the report of OIOS on the audit of safeguarding air safety standards while procuring air services for the United Nations peacekeeping missions (A/59/347). While the Department of Peacekeeping Operations and the Procurement Division had concurred with the recommendations of OIOS and begun implementing them, it was important to ensure that full compliance was achieved without further delay.

50. **Mr. Berti Oliva** (Cuba) endorsed the statement made by the representative of Jamaica on behalf of the Group of 77 and China. While the format of the Secretary-General's report on procurement reform (A/59/216) had been improved, it was rather descriptive and the main body of the report should contain more figures illustrating the trends observed during the reporting period.

51. Increasing the number of vendors by including companies from developing countries and countries with economies in transition was a positive development due in part to the various seminars that had been held, but the report did not give details of any specific measures to increase the participation of such vendors in the procurement process. He agreed that procurement activities must be carried out on the basis of the principle of best value for money, but, given the limited increases in the participation of developing countries, wondered whether the relevant criteria were applied on the basis of standards that made it impossible for companies from those countries to compete. The system contracts referred to in paragraph 6 of the report had all been concluded with companies from developed countries and he wished to know whether tenders for computer hardware and software had been received from companies from developing countries and to what extent those companies were able to participate in the sale of such products to the Organization.

52. He agreed with the Secretariat that all United Nations employees who came into contact with the procurement process, not just those employed by the Procurement Division, should sign a declaration of independence. With reference to paragraph 22 of the report, he stressed that the question of staff mobility should be dealt with according to the relevant General Assembly provisions.

53. Turning to the Secretary-General's report on outsourcing practices (A/59/227), he observed that a number of the outsourced activities listed in the annex, in particular the provision of guard service, would need to be revised for the forthcoming biennium. Furthermore, a number of activities did not appear to be justified as they did not correspond to the mandates given by Member States.

54. With reference to the report of OIOS on the audit of the functioning of the Headquarters Committee on Contracts (A/58/294), he pointed out that the implementation deadlines for many of the recommendations contained therein had expired and requested an update on the situation. Cuba rejected the practice of issuing ex post facto contracts and agreed that controls should be strengthened and programme managers held accountable for failure to observe the provisions in force.

55. Developing countries accounted for over a third of the total membership of the United Nations. Accordingly, they should be given more active consideration in the procurement process.

56. **Mr. Yoo** Dae-jong (Republic of Korea) said that the procurement process had become fairer and more transparent, efficient and responsive during the previous two years. The increased share in procurement of vendors from developing countries, the newly designed web-based vendor registration system and the efforts to coordinate training for field procurement staff were all welcome. In the next report of the Secretary-General on the issue, his delegation wished to see how the deficiencies in the vendor registration system identified by the Board of Auditors and OIOS were being addressed and what steps were being taken to increase accountability within the procurement reform framework. A balance must be achieved between effective delegation of authority and the need for monitoring and oversight. The report should also have an annex containing detailed information about the types of commodities procured. That should not be difficult as those statistics were already available on the Internet. Data from the annual statistical report of the United Nations Development Programme (UNDP) on the goods and services procured for the United Nations system as a whole should be incorporated into the Secretary-General's report, to give delegates a complete picture of the amount and volume of the Organization's procurement activities. Lastly, he asked whether the Secretariat cooperated with UNDP in collecting data and whether procurement and reporting might be further improved and streamlined through increased coordination.

57. **Ms. Lock** (South Africa) said that the report of the Secretary-General on procurement reform (A/59/216) was well structured and provided a good overview of the measures taken by the Secretariat to implement General Assembly resolution 57/279. As the Assembly had recognized, it was important to ensure a fairer and more equitable distribution of procurement opportunities between developed and developing countries. While the progress made was encouraging, 10 countries had supplied 42 per cent of the goods and services procured by the United Nations system in 2003. Moreover, the increase in procurement from developing countries was largely limited to host countries of United Nations peacekeeping operations and neighbouring States. It was imperative to ensure further diversification and a more sustainable approach so that vendors in those countries would be able to do business with the Organization long after the peacekeeping operations in their regions had been completed.

58. Her delegation welcomed the progress made in harmonizing and streamlining procurement practices, simplifying the vendor registration process, developing ethical guidelines for procurement staff and implementing the findings of the internal and external oversight bodies. It also noted with satisfaction the promulgation and posting on the Intranet of the revised Procurement Manual. It trusted that those measures would help to reduce the excessive lead times in the procurement cycle, ensure the timely submission and effective use of procurement plans, facilitate prequalification of vendors and prevent the renewal or extension of contracts in the absence of vendor evaluations.

59. With regard to the report of OIOS on the audit of safeguarding air safety standards while procuring air services for the United Nations peacekeeping missions (A/59/347), there had been some positive developments, including the preparation and dissemination of Aviation Standards for Peacekeeping and Humanitarian Air Transport Operations. However, her delegation noted with concern that some peacekeeping missions did not always complete liability waiver forms, conduct aviation surveys or submit performance evaluation reports, which made it difficult to monitor the overall performance of vendors or to verify the compliance of air operators with contract terms and safety standards, thus putting the Organization and its staff at risk. The Administration should take all necessary measures to ensure the safety and cost-effectiveness of air operations.

60. **Mr. Elji** (Syrian Arab Republic) said that procurement reform must result in a more transparent process that ensured greater supplier diversity and cost-effectiveness. He welcomed the progress made in that regard and noted, in particular, the efforts of the Inter-Agency Procurement Working Group to standardize procurement practices and redevelop the common supply database, as well as its decision to hold its annual meetings in developing countries, which would provide a valuable opportunity to reach out to vendors from those countries. In that connection, the procurement guidelines should be issued in all the official languages. Regrettably, the share of procurement from developing countries was lower than desired and his delegation therefore concurred with the Advisory Committee that the procurement seminars for vendors should be more results-oriented and that

follow-up mechanisms should be considered to monitor the progress made.

61. He expressed concern about the proposal to delegate more authority for procurement to the field. His delegation was not convinced that sufficient accountability measures were in place, and it trusted that the Headquarters Contract Review Committee would continue to carry out its functions, as mandated by the General Assembly. The problem of conflicts of interest and the lack of transparency in the procurement process in the field, particularly in peacekeeping operations, required further discussion. Some missions had been guilty of blatant violations of the best value for money principle. His delegation wished to pursue the matter further in informal consultations and requested the Secretariat to provide detailed information in writing on the items procured by missions, the prices obtained and the source markets.

62. With regard to outsourcing practices, his delegation wished to stress the importance of transparency, cost-effectiveness and quality and the need to ensure that the international character of the Organization was respected and that the safety and security of the United Nations and its staff were not undermined. He noted with satisfaction that the report of the Secretary-General (A/59/227) specified the reasons for outsourcing particular requirements. However, he was not convinced that the Organization lacked the requisite in-house expertise in every case cited in the report, given the nature of the activities involved. Regrettably, where activities had been outsourced to achieve cost savings, no analysis had been undertaken of the impact of outsourcing on the quality of the services provided. Lastly, when the Secretariat had to resort to outsourcing to provide a requirement more effectively or efficiently, that raised questions about the productivity of the departments concerned.

63. **Mr. Terzi** (Turkey) said that the substantial reform effort on which the United Nations had embarked would succeed only if change was effected in each of the Organization's constituent parts. Procurement was a very important element of the work of the United Nations system and, given the level of procurement expenditure, a high-risk area of governance.

64. The report before the Committee cited many commendable improvements in the procurement process, in particular, the establishment of a standing working group to coordinate activities related to business seminars and the increase in the number of seminars held. As a result of the Organization's efforts, the share of procurement from developing countries and least developed countries had increased from 15.7 per cent in 1999 to 27.3 per cent in 2003. Given such factors as field presence, low production costs and location advantage, there remained room to increase procurement opportunities for vendors from developing and least developed countries, without compromising the principles of cost-effectiveness and best value for money. In some countries, United Nations procurement accounted for a significant percentage of gross national product. However, the lack of a coherent technical assistance strategy to strengthen the capacity of public procurement agencies could reduce the benefit to those countries and impede the timely implementation of activities. Accordingly, the organizations of the United Nations system should consider designing a common technical assistance strategy, drawing on the experience of the World Bank Group.

65. With regard to the harmonization and simplification of the procurement process, he welcomed the development of headquarters system contracts, the redevelopment of the common supply database, the user-friendly Internet-based vendor registration process and the efforts made to allow organizations to utilize the prequalification process conducted by other organizations with a view to eliminating duplication of administrative effort. He looked forward to the promulgation of ethical guidelines, a code of conduct and a declaration of independence for procurement staff, concepts that were the backbone of accountability.

66. Given the expanding United Nations field presence and the concomitant increase in field expenditures, field procurement activities required particular attention. Cooperation and coordination between the Procurement Division and the Department of Peacekeeping Operations should be strengthened to ensure that procurement principles were adhered to in the field. In that connection, he would appreciate information on the status of the efforts to develop a common procurement management system.

67. In order to enhance inter-agency coordination and cooperation in procurement, it was necessary to

consolidate functions, develop common standards and streamline procedures. In its report on procurement practices within the United Nations system, which was to be issued shortly, JIU had concluded that the harmonization of organizations' procurement policies, rules and procedures had yet to be satisfactorily completed. In addition, the relationship between the Inter-Agency Procurement Working Group and the legislative organs of its member organizations lacked clarity. Another entity, the Inter-Agency Procurement Services Office also had a broad range of inter-agency procurement functions and appeared to duplicate the work of the United Nations Office for Project Services (UNOPS). While the Inter-Agency Procurement Services Office and UNOPS reported to UNDP, the Inter-Agency Procurement Working Group did not. Clearer lines of authority were needed and units with conflicting or overlapping functions must be reorganized so that every task had an owner. That was a prerequisite for efficiency and accountability.

68. He noted with regret that, while the Common Services Procurement Working Group had brought about improvements and joint procurement arrangements for the Headquarters organizations were now more common, the option of merging all procurement services at Headquarters into a single entity had not been exercised. Given the potential benefits, the organizations concerned should take a more analytical approach, putting aside objections based on procedural differences and the need to protect their corporate identities.

69. Electronic procurement should be explored further with a view to increasing the efficiency, transparency and fairness of the procurement process. Electronic records would reduce administrative burdens and costs and make information more accessible, thereby facilitating auditing and increasing participation in bidding by small and medium-sized businesses.

70. Lastly, with regard to outsourcing, it would be useful to have information in a comparative format so that the Committee could analyse trends relating to the type of activities outsourced, changes in the scale of outsourcing and any other new developments.

71. **Mr. Pulido León** (Bolivarian Republic of Venezuela) said that his delegation wished to associate itself with the statements made by the representative of Jamaica on behalf of the Group of 77 and China and by the representative of Argentina on behalf of the Rio Group. He welcomed the Secretariat's efforts to eliminate duplication of work and to harmonize the procurement process. However, while the conclusion of direct agreements with manufacturers on behalf of all United Nations organizations would allow for economies of scale and improved pricing, it could also have negative consequences for small companies from developing countries. He therefore wished to know whether the Secretariat had taken any measures to prevent those consequences and to ensure respect for the provisions of General Assembly resolution 57/279. He would also be grateful for additional information about the development of the United Nations Global Marketplace and whether the registration of vendors through the Global Marketplace had already been rolled out to field missions and other field offices and, if not, when would the roll-out take place.

72. As far as air transport operations were concerned, the report stated that staffing constraints meant that only a limited number of site visits to the operational bases of air carriers were currently carried out. He wondered whether site visits were the only way to verify compliance with quality and safety requirements and whether air carriers were required to submit certificates of compliance with international safety standards. The relative scarcity of site visits was all the more striking because previous reports had described shortcomings in the area of air safety. In that connection, he expressed surprise that the Organization was envisaging the creation of 25 additional posts for the purpose of verifying private air carriers' compliance with safety standards when it was unable to ensure the safety of its own aircraft.

73. With reference to the code of conduct for procurement staff, he would be grateful for additional written information about the content of the ethical guidelines developed by the Secretariat. He also enquired about the outcome of the advanced field procurement training programme and the results of the Procurement Division's management review of the procurement conducted by the peacekeeping missions and requested further details about the planned issuance of purchasing cards to the departments and offices in order to facilitate the procurement of low-value items.

74. While he understood that the policy of the Procurement Division was designed to ensure that all registered vendors had an equal opportunity to tender,

he wondered why the Division did not apply that policy to the conclusion of agreements with the companies mentioned in paragraph 6 of the report. In his view, the equal opportunity policy was applied in a discriminatory fashion, depending on the product or service in question.

75. Turning to the report of OIOS on the audit of safeguarding air safety standards, he noted with concern that the posts of Chief of the Air Transport Section and Chief of the Aviation Safety Unit were still vacant. It was difficult to develop and maintain a robust air safety policy without appropriate leadership and he would welcome updated information about the current status of those posts. He also wished to hear the views of the Secretariat on the OIOS proposal to establish a regional aviation safety office in West Africa and wondered whether a similar initiative could be implemented in respect of individual peacekeeping missions, such as MONUC, where the lack of suitably qualified personnel compromised air safety standards.

76. He enquired as to the frequency with which tools for accident prevention were made available to peacekeeping missions and the Department of Peacekeeping Operations aviation management and wondered whether the vendor database was updated often enough to reflect accurate technical and safety information on vendors that did not regularly submit tenders. His delegation was also concerned at the use of cargo aircraft for the transport of passengers without the approval of the manufacturing countries. The Department of Peacekeeping Operations should take steps to put an end to that practice, which had been responsible for a number of fatalities.

77. **Ms. McDonald** (Director of the Facilities and Commercial Services Division of the Office of Central Support Services) said that she would respond to the questions posed by delegations during informal consultations.

78. **Ms. Benary** (Deputy Secretary of the Committee), replying to the question about the report of JIU posed by the representative of the Syrian Arab Republic, said that the report, "Procurement practices within the United Nations system", had recently been submitted for translation and would be issued on 31 March 2005 under the symbol A/59/721. In accordance with the Statute of JIU, the Secretary-General and the Chief Executives Board had up to six months to formulate their comments on the report, which would then be taken up by the Fifth Committee.

79. **Mr. Pulido León** (Bolivarian Republic of Venezuela) said that, while he had no objection to receiving the Secretariat's written replies to the questions posed during informal consultations, he hoped that those replies would be circulated to delegations sufficiently in advance to allow them time to react.

80. **The Chairman** suggested that Ms. McDonald should reply orally to the questions posed at the forthcoming informal consultations and, where necessary, provide additional clarification in writing at a later date.

Agenda item 108: Programme budget for the biennium 2004-2005 (*continued*)

Report of the Office of Internal Oversight Services on the review of the operations and management of United Nations libraries (A/59/373)

Review of the structure and functions of all liaison offices or representation in New York of organizations headquartered elsewhere funded from the regular budget (A/59/395 and A/59/552)

Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/59/444 and A/59/572)

81. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services), introducing the report of OIOS on the review of the operations and management of United Nations libraries (A/59/373), said that the review had focused on the Dag Hammarskjöld Library and the Library of the United Nations Office at Geneva, which together accounted for 75 per cent of the staff of United Nations libraries. OIOS had also surveyed six other libraries to determine their level of automation and the scope and nature of their operations.

82. OIOS had found that an accurate assessment of the staffing requirements of United Nations libraries that took account of available advanced technologies was not possible at the current stage, first, because technological innovations had been introduced without a comprehensive and detailed plan showing how such technologies and tools would change staffing needs and, second, because there were no uniform workload and productivity standards for library functions, which were essential for accurately assessing staffing needs.

83. While the Dag Hammarskjöld Library and the Library of the United Nations Office at Geneva had already implemented state-of-the-art automation systems and had begun providing electronic access to their bibliographic databases, most of the other libraries lagged behind in introducing more advanced technology in their operations owing to their small size and limited budgets. OIOS was of the view that the benefits of technological advances could be fully reaped through closer cooperation and collaboration among the United Nations libraries. The establishment of the Steering Committee for the Modernization and Integrated Management of United Nations Libraries in 2003 had been a major step in that direction. The Steering Committee could be entrusted with the preparation of a new United Nations library policy, which should be considered and approved by the General Assembly.

84. Both the Dag Hammarskjöld Library and the Library of the United Nations Office at Geneva were increasing their efforts to identify more opportunities for using advanced technologies, and there were plans for the libraries to act as facilitators rather than gatekeepers of information and knowledge. Those plans should be in line with the new United Nations library policy and should be supported with a programme of action containing specific target dates and necessary resources.

85. OIOS had made four recommendations that would contribute to more comprehensive cooperation among United Nations libraries and to increased efficiency in their operations. The Department of Public Information and the United Nations Office at Geneva had concurred with those four recommendations, and OIOS would continue to monitor their implementation.

86. **Mr. Thatchaichawalit** (Chief of the Political, Legal and Humanitarian Service of the Office of Programme Planning, Budget and Accounts), introducing the Secretary-General's report on the review of the structure and functions of all liaison offices or representation in New York of organizations headquartered elsewhere funded from the regular budget (A/59/395), said that the offices in question provided substantive contributions to the work programme of their parent offices while maintaining a much smaller portion of liaison functions. They were involved in intergovernmental activities, such as meetings, summits and conferences. They also attended interdepartmental and inter-agency meetings, normally as representatives of their parent organizations, and undertook substantive collaborative initiatives with their partners in New York. In addition, they engaged in a wide variety of outreach activities with, inter alia, permanent missions and non-governmental organizations and other organizations based in New York and elsewhere in North America and provided information on their functions to members of the general public and other interested parties, including the Office of the Spokesman for the Secretary-General.

87. The offices availed themselves of centralized facilities provided by Headquarters, such as conference services and information and communications technology, and also engaged in self-administration by means of the Integrated Management Information System (IMIS) and the electronic performance appraisal system (e-PAS). It was recommended that the General Assembly should take note of the report.

88. **Mr. Belov** (Chief of the Common Services Unit of the Office of Programme Planning, Budget and Accounts), introducing the Secretary-General's report on the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/59/444), said that the report provided updated information on the status of the allocation of additional land by the host country and on the status of development of the project. However, although the final construction estimates and design documents had been due in December 2004, the project had been further delayed for a number of reasons.

89. First, the design firm had discovered that the general technical soil survey was not sufficiently detailed, meaning that it could not complete the foundation design. In the autumn of 2004, the Economic Commission for Africa (ECA) had hired a specialist company to carry out a new survey, the results of which were expected very soon. Secondly, upon reviewing the threat analysis survey conducted by ECA, United Nations Headquarters had recommended that another, more comprehensive survey should be carried out by an outside expert. A qualified expert had been hired in the autumn of 2004 and the second survey was almost complete. The next progress report on the construction project would be submitted to the General Assembly at its sixtieth session.

The meeting rose at 1 p.m.